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**Toiletries, Cosmetics,
Fragrances, and Beauty Aids**

FAIRCHILD FACT FILE

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TOILETRIES, COSMETICS, FRAGRANCES & BEAUTY AIDS

Market Trends

The toiletries and cosmetics industry is clearly in a state of flux. The 1980's, thus far, have shown that the industry is not recession-proof as once thought in some quarters. It is also the decade in which changing demographics have created both problems and new opportunities for an industry that is striving to stay current under difficult circumstances.

It remains a fashion-oriented, youth-centered business with the majority of its customers still women. However, the slowing population growth, the aging of the population, and the growth of minorities has led to increased market segmentation. Expenditures for advertising and research and development have increased substantially as the number of new product launches has made a competitive industry even more competitive.

The prime consumers of cosmetics are women aged 18 to 24. After peaking in 1980, this population group has begun to decline in number. By 1990, it will be 15% smaller and this trend will not reverse itself until about 1997 when the children of the baby boomers come of age. The fact that the baby boom generation is aging has prompted the industry to shift gears and emphasize skincare and treatment products designed to maintain a youthful complexion. The over-50 age group, though a smaller market, has a great deal of discretionary income and it, too, is receiving particular attention by marketers of hundreds of anti-aging skincare items, ranging from moisturizers to eye cream, including complex, multi-step regimens.

Skincare sales are expected to grow by as much as 13% in 1986, making it a very hot growth category. Products retail at a broad array of price points, from Richardson-Vicks' Oil of Olay lotion (less than \$5 for a 3.5 oz. bottle) to Alfin Fragrances' Glycel (\$195 for an introductory kit). Co-developed by noted heart surgeon Christiaan Barnard, Glycel—like other quasi-medical skin products—is arousing controversy as to its effectiveness. Since the medical claims of such products stop just short of crossing the line from cosmetic to drug, the Food and Drug Administration does not require the rigorous testing that a "drug" would entail.

Another rapidly growing sector for the industry is the marketing of ethnic products, with total health and beauty aid sales of \$2.3 billion in 1985. Blacks are a promising target -- the black market is growing much faster than the white, and it is a much younger market. They reportedly spend two to three times as much as whites on hair and skin products. As more blacks, women in particular, enter the job market, their need for grooming aids increases, and they will then have more household income to spend on these products.

Other product categories that did well in 1985, and are expected to continue expanding in 1986, are suntan products and haircare products. Warnings by the government about the dangers of too much sun have compelled an increasingly health-conscious population into using suntan/sunscreen items. The haircare segment has been buoyed by the success of mousse, considered by some to be the first true innovative product launched by the industry in years.

Fragrance sales, adjusted for inflation, have been flat for several years. The Giorgio and Obsession success stories prompted a re-evaluation by other manufacturers. Their success has validated for many a quick-impact, limited-distribution campaign. Some say that their use of scent-strip inserts revolutionized fragrance advertising by getting samples into the hands of a whole new customer who had not been buying fragrances in a specialty store.

Market Trends (continued)

The proliferation of new fragrance product introductions, spurred by the declining average market life of a new fragrance to about three years, are expanding the overall market but making shares smaller. The price of obtaining the customer, as exemplified by the \$15 million launch of Obsession, has gone up dramatically. There is less time to build a profitable following and this puts pressure on manufacturers to maintain their product's prestige while getting the volume.

Cosmetic manufacturers of skincare products targeted at men have had an increasing impact educating men as to the benefits of cleansing and protecting their skin, something that women have been educated in for years. Some liken the men's market to a sleeping giant, one that can be awakened through aggressive point-of-purchase sampling, men's skincare consultations in stores, and educational advertising explaining product benefits. One example of this growing trend is the new line of men's toiletry products to be launched nationally this summer under the Adidas brand name by Beecham Products. This product line, which includes aftershave lotion and moisturizer, deodorant, soap, shampoo, and eau de toilette, marks Adidas' initial attempt in branding products outside the sports and clothing area.

GENERAL INDUSTRY STATISTICS

The entire complex of suppliers and product developers involved in the output of products in the toiletries, cosmetics, fragrances and beauty aids classification, including those producing components, those involved in re-packaging operations, etc., is much broader than the official industry classifications (perfumes, cosmetics and other toilet preparations (Standard Industrial Classification 2844)), and includes some 800 to 1,000 manufacturers. This Fact File, is however, focused on end-products, manufactured by some 500 companies with industry shipments valued at \$12.8 billion in 1985, according to estimates compiled by the International Trade Administration.

An annual survey of manufactures, covering a sample of manufacturers, is compiled each year in the interim between the complete census of manufactures conducted by the U.S. Census Bureau every five years (the latest of which covered operations in the year 1982). The surveys provide (for intercensal years) the key measures of manufacturing activity for important industries, and the data are adjusted to be comparable with 1982 census findings.

According to the 1982 census, 596 companies operating 639 plants were classified in the toilet preparations industry (SIC 2844), down from 644 companies operating 693 plants in 1977. Industry shipments, on a current dollar basis, increased 55.3% in 1982 compared with 1977, reaching a total of \$10.2 billion. In 1983, according to the annual survey, industry shipments rose 7.3%, reaching over \$10.9 billion. Capital expenditures were up 11.2% in 1983.

GENERAL INDUSTRY STATISTICS

Perfumes, Cosmetics & Toilet Preparations Industry (SIC 2844*)

	1983	1982	1977	% Change 1983/1982
Number of companies	na	596	644	--
Number of establishments	645**	639	693	+ 0.9%
Number with 20 or more employees	252	257	192	- 1.9
Payroll (mil. \$)	\$ 1,142.5	\$ 1,102.1	\$ 627.9	+ 3.7
Value added by manufacture# (mil. \$)	\$ 7,603.0	\$ 7,124.4	\$ 4,526.7	+ 6.7
Value of industry shipments## (mil. \$)	\$10,925.1	\$10,183.2	\$6,557.2	+ 7.3
Capital expenditures, new (mil. \$)	\$ 245.4	\$ 220.7	\$ 105.6	+11.2

na not available

* Standard Industrial Classification (SIC) 2844. Covers establishments primarily engaged in manufacturing perfumes, cosmetics and toilet preparations. It also includes establishments primarily engaged in blending and compounding perfume bases and those manufacturing shampoos and shaving products, whether from soap or synthetic detergents.

** Includes establishments with payroll, as reported in County Business Patterns (U.S. Bureau of the Census.)

Value added by manufacture is derived by subtracting the cost of materials, fuel, etc., from the value of shipments and other receipts, with adjustments for finished and work-in-process inventories. It avoids the duplication in evaluating shipments which results from the use of products of some manufacturing establishments as materials by others, and is, for most purposes, the best measure of individual industries.

Industry shipments include both products described as primary to the industry, as well as secondary products and miscellaneous receipts. The amounts shown as value of shipments for each industry and for individual products or classes of products are the net selling values, f.o.b. plant, after discounts and allowances, and excluding freight charges and excise taxes. For value of shipments of specific toilet preparations made by all manufacturers, including those making them as secondary products, see the section on PRODUCT SHIPMENTS. (Product shipments in 1985 were estimated at \$13.2 billion).

Source: U.S. Bureau of the Census:
1983 Annual Survey of Manufactures,
1982, 1977 Census of Manufactures

Industry Trends

Based on the Census Bureau's 1983 annual survey of manufactures, the International Trade Administration has compiled estimates on the value of industry shipments in 1984 and 1985, in terms of both current and constant dollars, and a forecast for 1986 (constant dollar basis). Data has also been compiled by the ITA on trends in imports and exports. These estimates are summarized in the following table.

GENERAL INDUSTRY STATISTICS

Industry Trends (continued)

Perfumes, Cosmetics & Toilet Preparations Industry Trends, 1983-1986 (Values in millions of dollars)

	1983	1984(e)	1985(e)	Percent Change	
				1985/84	Forecast 1986/85
Value of industry shipments:					
Current \$	\$10,925	\$11,465	\$12,780	+ 11.5	--
Constant (1982) \$	10,505	10,836	11,171	+ 3.1	+ 2.8
Value of imports (current \$)	172	282	313	+ 10.8	+27.8
Import/new supply ratio*	0.016	0.024	0.024	- 0.5	--
Value of exports (current \$)	328	331	309	- 6.5	- 6.1
Export/shipments ratio	0.029	0.028	0.023	- 16.1	--

(e) estimated

* New supply is the sum of product shipments (not industry shipments) plus imports.

Source: U.S. Department of Commerce:
Bureau of the Census and International Trade Administration

Employment & Earnings

In 1985, 67.6 million persons were employed in the toilet goods industry, a gain of 8.0% from 1983. The rate of growth for production workers (about two-thirds of industry employees) was even larger, a gain of 11.3% from 1983 to 1985. The size in production workers' average weekly earnings exceeded the rate of inflation in 1985, despite a moderate decline in the number of hours worked, according to the U.S. Bureau of Labor Statistics.

In 1975, the industry had about 48 million employees, including 30.4 million production workers.

Employment & Earnings in the Perfumes, Cosmetics & Toilet Preparations Industry: 1983-1985

	Annual Averages			% Change 1985/84
	1985(p)	1984	1983	
All employees (thous.)	67.6	66.8	62.6	+ 1.2%
Production workers (thous.)	46.0	45.3	41.3	+ 1.5
Average weekly earnings	\$336.65	\$321.14	\$313.22	+ 4.8
Average hourly earnings	\$ 3.61	\$ 8.13	\$ 7.85	+ 5.9
Average weekly hours	39.1	39.5	39.9	- 1.0

(p) preliminary

Source: U.S. Bureau of Labor Statistics,
Employment & Earnings

GENERAL INDUSTRY STATISTICS

Concentration in the Industry

Number of Manufacturing Plants in the Perfumes, Cosmetics & Toiletry Goods By Employment Size, 1983

	<u>Establishments</u>		<u>Total Employees</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Number of plants, total	645	100.0%	58,528	100.0%
By employment size:				
Under 10 employees	306	47.4	1,005	1.7
10-49 employees	185	28.7	4,292	7.3
50-99 employees	43	6.7	2,916	5.0
100-499 employees	74	11.5	17,700	30.2
500 or more employees	37	5.7	32,615	55.7

Source: U.S. Bureau of the Census,
County Business Patterns 1983

The Toilet Preparations Industry By Employment Size, 1982

	<u>Establishments</u>		<u>Value Added By Manufacture</u>		<u>Industry Shipments</u>	
	<u>Number</u>	<u>Percent</u>	<u>Mil. \$</u>	<u>Percent</u>	<u>Mil. \$</u>	<u>Percent</u>
Toilet preparations, total	639	100.0%	\$7,124.4	100.0%	\$10,183.2	100.0%
By establishment size--						
Number of employees:						
10 - 19	382	59.8	149.9	2.1	226.0	2.2
20 - 49	101	15.8	185.8	2.6	299.5	2.9
50 - 99	48	7.5	209.0	2.9	377.8	3.7
100 - 249	38	5.9	383.2	5.4	649.5	6.4
250 - 499	33	5.2	1,688.5	23.7	2,465.7	24.2
500 or more	37	5.8	4,508.1	63.3	6,164.7	60.5

Source: U.S. Bureau of the Census,
Census of Manufactures, 1982,
MC82-I-28D

According to the 1982 census of manufactures, of the 596 companies classified in the toilet preparations industry (SIC 2844), 102 were multi-unit companies, operating 145 plants (out of a total of 639). These companies accounted for 79.1% of total employment in the industry, 89.6% of value added by manufacture within the industry, and 88.6% of industry shipments.

Further information on concentration within the industry, based on the census, will be released by the Census Bureau at a later date. The previous census (1977) showed that the four largest companies accounted for 38% of the value of industry shipments; the eight largest accounted for 53%.

GENERAL INDUSTRY STATISTICS

Location of the Industry

The most recent census of manufactures (1982) shows that New Jersey has retained its preeminent position in industry shipments from the prior census five years earlier (1977). The top four states represent 52.9% of total shipments.

California has surpassed New York as the state with the most plants manufacturing toilet goods with 115 establishments, an 18% share. In 1977, California had 16.5% of the plants while New York had 19.5%. The top four states accounted for 55.3% of all plants in 1982.

Leading States in the Manufacture of Toiletry Goods, 1982

	<u>Value of Industry Shipments</u>		<u>Establishments</u>	
	<u>Mil. \$</u>	<u>% of Total</u>	<u>Number</u>	<u>% of Total</u>
Industry shipments, U.S. total	\$10,183.2	100.0	639	100.0
<u>Leading states:</u>				
New Jersey	2,154.7	21.2	82	12.8
New York	1,437.6	14.1	114	17.8
Illinois	1,244.8	12.2	43	6.7
California	549.7	5.4	115	18.0

Source: U.S. Bureau of the Census,
1982 Census of Manufactures

LEADING MANUFACTURERS

Manufacturers in the beauty industry experienced flat sales (after adjusting for price increases), during the first half of the 1980's. The industry has rebounded lately, after shaking off the effects of a national recession and price increases that forced many consumers to scale back their health and beauty aid purchases.

The market today is extremely competitive, as marketers pursue segmentation strategies to counter the declining population growth of its prime consumers. A wave of mergers and acquisitions has made the entrance into markets increasingly expensive. Large upfront investments in research, development, and advertising, as well as a high level of secrecy in the launching of new products, are now standard elements of the industry.

LEADING MANUFACTURERS

Total Sales and Profits of Leading Cosmetic Manufacturers, 1984 (Sales in millions of dollars)

	<u>Sales*</u>	<u>Profits*</u>	<u>Percent of Total in Personal Care Segment**</u>	
			<u>Sales</u>	<u>Profits</u>
Avon Products	\$ 3,143	\$ 182	58%	59%
Beecham Group	2,839	380	na	na
Revlon Inc.	2,399	112	45	33
Schering-Plough Corp.	1,874	177	43	37
Chesebrough-Pond's	1,857	120	43	51
Cosmair Inc.	665	na	‡	‡
Noxell Corp.	350	28	‡	‡

* Worldwide

** Personal care products include many non-cosmetic/fragrance health and beauty aid products.

‡ Virtually 100%

na not available

Source: Forbes: The Forbes 500, 1985 and "38th Annual Report on American Industry (January 13, 1986); Advertising Age: 100 Leading National Advertisers (September 26, 1985)

Avon Products is the nation's largest cosmetic and fragrance company, with about \$900 million in U.S. sales in these segments for 1984. Revlon's U.S. cosmetics and fragrance sales of \$798 million placed it second, followed by Cosmair with sales of \$665 million. Avon has had declining sales for a number of years, as the proliferation of women in the work force has left fewer at home for Avon sales representatives to service. Avon has now trained its representatives to sell unobtrusively at the work place. In addition, direct mail catalogs and direct response advertising on television through a toll-free number have been emphasized to broaden the company's market. The company holds about 25% of the mass scent fragrance market (colognes that sell for up to \$20-per-oz.). Its flat sales in this area have prompted Avon to venture into the prestige fragrance market with its February 1986 launch of a \$150-per-oz. fragrance called Deneuve.

Revlon gained market share for the first time in many years in the cosmetics market. Its facial makeup rose to 6.4% of the supermarket dollar share in 1985, third in volume after Maybelline. Revlon is also third in eye makeup, holding a 5% market share for mascara, 5.5% for eyeliner and 4.8% for eye shadow. Its Natural Wonder lipstick is fourth, trailing No. 1 Noxell's Cover Girl, with 10.2% of the supermarket dollar share. Revlon nail polish is fourth with a 7.9% share.

In the acne preparation category, Revlon's Oxy-5 overtook Richardson-Vick's Clearasil for the first time to claim the top spot with a 21.3% share of the market. Following a bitter battle with Revlon management, the company was taken over by Pantry Pride in November 1985. Pantry Pride then changed its name to Revlon Group, Inc.

LEADING MANUFACTURERS

Privately-held Cosmair is the U.S. licensee for L'Oreal and Lancome. These two divisions offer cosmetic lines that are challenging makeup competitors Maybelline, Noxell, and Revlon. In haircare products, Cosmair's mousse line is No. 1, though its lead is declining due to an abundance of competitive launches. L'Oreal is trying to cut into the lead of Bristol-Myers' Clairol in the hair coloring category -- in 1985, it introduced its semi-permanent Advantage hair coloring lotion. About one-third of Cosmair's total sales are from fragrances, thanks to the company's acquisition of Warner Cosmetics, which includes Lauren and Vanderbilt fragrance lines.

Chesebrough-Pond's introduced several extensions of established lines in 1984, including Cutex lipsticks, Vaseline Lip Therapy petroleum jelly and Q-tip cosmetic applicators. Chesebrough's Vaseline Intensive Care led the \$500 million hand-and-body moisturizer category with a 19% share in dollars. The No. 2 market brand was American Brands' Jergens with an 11% share, followed by Westwood Pharmaceutical's Keri lotion at 8.4% and Warner-Lambert's Lubriderm at 5%.

Noxell's Cover Girl brand continued to benefit from the surge in lower-priced cosmetics sales in supermarkets. Its eyeliner leads with 35% of the super-market dollar share. Its mascara, eye-shadow, and lipstick are all second behind Schering-Plough's Maybelline. Noxell's Noxzema is the No. 2 brand in the facial segment of the hand-and-body moisturizer market, after Richardson-Vicks' Oil of Olay.

Maybelline remains the market leader in the mass-market cosmetic category. It used the largest advertising budget in its history to introduce products such as its Long Wearing line of lipsticks and foundation makeup and the Shine Free Oil Control line of makeup. Another dominant Schering-Plough product group -- its Coppertone suncare line -- has maintained its lead. Schering's launch of Shade, a line of sunscreen products, is positioned against Johnson & Johnson's Sundown sunscreens in a segment growing at 20% annually.

Beecham, the British pharmaceutical and consumer products company, has expanded its penetration of the U.S. fragrance market with its acquisition of Germaine Monteil. Beecham has placed its Diane Von Furstenberg and Lancaster fragrance lines under the now reorganized Germaine Monteil division. Beecham's Jovan line holds the top spot in the \$100 million musk segment of the fragrance market with a 54% share. Pfizer's Coty is next with a 24% share.

PRODUCTION LEVELS

The Federal Reserve Board indexes of production measure the overall level of physical output for U.S. industries with the year 1977 equal to 100. Production indexes for soaps and toiletries in 1985 greatly exceeded the level for all consumer goods and recorded a 12.1% increase over 1984. The production index for all consumer goods rose only 2.1% for the year, according to the FRB.

PRODUCTION LEVELS

Industrial Production Indexes, 1980-1985 (1977 = 100)

	1985	1984	1983	1982	1981	1980
Total industrial production	124.5	121.8	109.2	103.1	111.0	108.6
All consumer goods	120.7	118.2	109.3	101.4	104.1	102.7
Soaps & toiletries	175.6	156.7	139.9	125.4	129.6	121.5

Source: Board of Governors,
Federal Reserve System (G12.3)

Capacity Utilization Rates

The U.S. Bureau of the Census conducts an annual survey of plant capacity which covers operations in the fourth quarter of the year. Measures on capacity utilization include a rate which is based on plant operators' preferred level of operations, i.e. generally considered to be the rate at which profits will be maximized.

Capacity Utilization Rates in the Toilet Preparations Industry Fourth Quarters 1981-1984

	<u>Preferred Rate</u>			
	<u>1984</u>	<u>1983</u>	<u>1982</u>	<u>1981</u>
Toilet preparations	73	68	66	77

Source: U.S. Bureau of the Census, Current Industrial Reports,
Survey of Plant Capacity, 1984 (MQC1(84)1)

PRODUCT SHIPMENTS

The value of shipments of toilet goods (cosmetics, fragrances, and toiletries) by all U.S. producers, including manufacturers making them as secondary products, was estimated at \$13.2 billion in 1985 by the International Trade Administration (Department of Commerce). This represents an increase in volume of 11.4% from their 1984 estimate of \$11.8 billion. In constant dollars, discounting the effect of inflation, product shipments rose 3.2% for the year and at a compound annual growth rate of 0.5% from 1977-1982. Over this 5-year period, shipments on a current dollar basis rose at a compound annual growth rate of 10.3%.

Data on the value of shipments of individual product categories is also provided by the U.S. Bureau of Census through the 1983 annual survey of manufactures, as follows.

PRODUCT SHIPMENTS

Value of Major Product Classifications Shipped By All U.S. Producers 1982, 1983 (Millions of dollars)

	1983	1982	% Change 1983/82
Toilet preparations, total	\$10,020.4	\$ 9,258.2	+ 8.2%
Shaving preparations	351.3	328.7	+ 6.9
Perfumes, toilet water & colognes (men's & women's)	1,732.3	1,634.1	+ 6.0
Hair preparations, incl. shampoos	2,558.7	2,430.0	+ 5.3
Other cosmetics & toilet preparations	4,760.3	4,266.5	+11.6
Toilet preparations, n.s.k.	617.9	588.9	+ 3.2

n.s.k. not specified by kind.

Source: U.S. Bureau of the Census
Annual Survey of Manufactures, 1983

Information on product shipments in greater detail is reported by the Census Bureau based on the complete census of manufactures covering 1982 operations. Information from this source is compared with the previous census, covering 1977.

Product Shipments: Toilet Preparations, 1977, 1982 (Value of shipments in millions of dollars)

	1982		1977	
	No. of companies with shipments of \$100,000 or more	Value of Shipments	No. of companies with shipments of \$100,000 or more	Value of Shipments
Toilet preparations, total	na	\$10,437.1	na	\$ 6,393.5
Shaving preparations	na	328.7	na	268.2
Perfumes, toilet water, and colognes	na	1,634.1	na	1,096.3
Perfumes	69	552.2	58	364.3
Toilet waters	23	322.6	48	719.0
Colognes	40	750.4		
Hair preparations (including shampoos)	na	2,430.0	na	1,474.9
Shampoos	127	949.0	103	na
Hair sprays	56	392.9	40	256.2
Dentrifices, including mouthwashes, gargles, and rinses	na	1,178.9	na	659.6
Toothpaste, including aerosols and tooth powder	18	744.6	13	451.8
Mouthwashes and rinses	16	158.3	12	100.1
Other cosmetics and toilet preparations	na	4,266.5	na	2,597.4
Suntan and sunscreens, including oils	22	96.1	17	63.2
Hand lotions	44	206.8	35	161.3
Lip preparations (lipstick, lip gloss)	34	395.5	34	203.3
Eye preparations (mascara, eye shadow, eye liners, eye creams, etc.)	33	499.0	31	242.5
Deodorants	62	773.2	56	547.8

na not available

Source: U.S. Bureau of the Census,
Census of Manufactures, 1982 MC82-I-28D

PRODUCT SHIPMENTS

In 1984 and 1985, the total skincare preparation market, which includes facial creams, powders and suncare lotions, was one of the fastest growing sectors of the toilet goods industry. It totaled \$2.3 billion at the manufacturer level in 1984, a 9.5% increase from the year before, according to data from Charles Kline & Co.

Value of Shipments of Selected Toilet Goods, 1983, 1984 (Billions of dollars)

	<u>1984</u>	<u>1983</u>
Skincare preparations	\$ 2.3	\$ 2.1
Treatment products	1.1	1.0
Fragrances	2.2	2.0
Cosmetics	1.8	1.7
Nailcare	0.4	0.3
Toiletries	2.2	1.6
Haircare	2.6	2.4

Source: Charles Kline & Co., Fairfield, N.J.

FOREIGN TRADE

Imports of toilet goods exceeded exports for the first time in recent history in 1985. The value of imports rose to an estimated \$313 million in 1985, up 10.8% from the year before. The value of exports fell 6.5% for the year to \$309 million. Among those factors cited by the International Trade Administration for this trend is the proliferation of foreign or "grey" market products entering the U.S. market. These goods tend to be higher-priced prestige lines that are diverted by wholesalers from overseas markets to discounters and mass merchandisers within the U.S. Other factors have been the impact of the strong U.S. dollar on reducing import costs, and major promotional campaigns for prestige products by foreign firms.

U.S. Foreign Trade in Toilet Goods, 1980-1986 (Value in millions of dollars)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984(e)</u>	<u>1985(e)</u>	<u>Forecast</u> <u>1986</u>	<u>% Change</u> <u>1985/84</u>
Value of imports	\$ 85	\$ 103	\$ 124	\$ 172	\$ 282	\$ 313	\$ 400	+ 10.8%
Value of exports	322	371	353	328	331	309	290	- 6.5
Export/shipment ratio	0.039	0.040	0.034	0.029	0.028	0.023	—	—
Import/new supply ratio*	0.010	0.011	0.012	0.016	0.024	0.024	—	—

(e) estimated

* New supply is the sum of product shipments plus imports.

Source: U.S. Department of Commerce,
International Trade Administration,
1986 U.S. Industrial Outlook

PRODUCER PRICE INDEX

The producer price index for cosmetics & toilet preparations, a measure of their average changes in prices at the point of production, rose 3.6% from December 1984 to December 1985. This follows a 2.5% annual rise in the price of these products in 1984. Perfumes and aerosol hair sprays had the largest price gains at the producer level in 1985, rising 14.1% and 13.0%, respectively. There is a good deal of price volatility evident for various products. For example, the price of lip preparations rose 13.2% from 1983 to 1984, yet the price fell 22.3% from December 1984 to December 1985.

Producer (Factory) Price Index for Specified Toiletries & Cosmetics (1967 = 100, unless otherwise indicated)

	December Average			Annual Average		
	1985	1984	% Change 1985/84	1984	1983	% Change 1984/83
All items	310.2	309.8	+ 0.1%	310.3	303.1	+ 2.4%
Cosmetics & toilet preparations	246.2	237.8	+ 3.6	237.4	231.5	+ 2.5
Shaving preparations**	127.2	119.0	+ 6.9	129.9	124.5	+ 4.3
Shaving soap & cream	304.3	271.3	+12.2	298.6	277.9	+ 7.4
Aftershave preparations*	178.5	173.3	+ 3.0	188.1	184.2	+ 2.1
Perfume, cologne & toilet water**	138.3	125.7	+10.0	133.6	126.9	+ 5.3
Perfume	330.7	289.8	+14.1	302.3	294.8	+ 2.5
Cologne & toilet water	241.2	227.5	+ 6.0	246.2	228.0	+ 8.0
Hair preparations**	120.1	112.1	+ 7.1	112.7	113.0	- 0.3
Soap shampoo	155.7	155.5	+ 0.1	153.3	151.3	+ 1.3
Synthetic organic detergent shampoo**	107.9	100.9	+ 6.8	100.9	100.7	+ 0.2
Hair tonics, incl., conditioners	263.1	255.2	+ 3.1	250.2	250.1	#
Hair dressings**	131.8	134.6	- 2.1	133.3	135.7	- 1.8
Hair spray (aerosol)*	287.3	254.3	+13.0	265.9	271.3	- 2.0
Home & commercial permanents	231.0	242.4	- 4.7	239.1	231.1	+ 3.5
Creams**	141.7	141.8	#	135.8	133.0	+ 2.1
Cleansing creams	384.0	405.9	- 5.4	398.7	384.0	+ 3.8
Foundation creams**	125.8	119.8	+ 5.0	119.8	119.8	--
Lubricating creams**	153.5	159.4	- 3.7	142.7	142.8	#
Other creams***	131.4	124.0	+ 6.0	123.3	118.7	+ 3.9
Lotions & oils**	126.3	128.8	- 1.9	122.4	120.4	+ 1.7
Suntan & sunscreens**	127.3	118.1	+ 7.8	117.9	111.1	+ 6.1
Hand lotions	189.6	190.5	- 0.5	176.7	173.7	+ 1.7
Other lotions & oils**	123.1	121.0	+ 1.7	119.4	116.7	+ 2.3
Cosmetics**	146.4	161.3	- 9.2	152.9	138.0	+10.8
Lip preparations	198.3	255.3	-22.3	235.1	207.7	+13.2
Blushes**	132.4	130.4	+ 1.5	129.0	122.1	+ 5.7
Eye preparations*	196.6	195.1	+ 1.0	188.4	171.7	+ 9.7
Deodorant**	127.0	120.7	+ 0.8	121.4	119.2	+ 1.8
Aerosol underarm deodorant	237.3	221.4	+ 7.2	223.4	218.5	+ 2.2
Cream, liquid & roll on**	127.0	128.8	- 1.4	128.1	127.5	+ 0.5
Manicure preparations**	108.0	106.4	+ 1.5	na	102.4	--
Powders**	140.3	138.6	+ 1.2	138.3	133.9	+ 3.3
Face powder	268.3	263.6	+ 1.8	263.4	253.5	+ 3.9
Wet application powder**	135.9	133.4	+ 1.9	131.0	126.8	+ 3.3
Bath oils & salts*	165.7	180.2	- 8.0	148.4	155.1	- 4.3

* 12/71 = 100

** 6/80 = 100

na not available

Less than 0.1%

Source: U.S. Bureau of Labor Statistics

ADVERTISING EXPENDITURES

An estimated \$1.1 billion was spent on cosmetics & toiletries advertising in 1984, up 9.6% from the year before, according to an Advertising Expenditure Study by Product Marketing magazine. It should be noted that this data, compiled from material supplied by Leading National Advertisers and the Radio Advertising Bureau, does not account for some end rate discounts that bulk purchasers of TV make. Nevertheless, the data clearly shows large gains for the year in expenditures on national radio advertising (up 39.1%) and magazine ads (up 23.4%).

Advertising Expenditures On Cosmetics & Toiletries, 1983, 1984 (Millions of dollars)

	<u>1984</u>	<u>1983</u>	<u>% Change</u> <u>1984/83</u>
Total	\$1,067.8	\$ 974.7	+ 9.6%
Network TV	556.9	539.0	+ 3.4
Magazines	255.4	207.0	+23.4
Spot TV	201.7	179.7	+15.4
Spot Radio	29.1	27.9	+ 4.1
National Radio	13.0	9.3	+39.1
Newspaper Supplements	10.3	10.0	+ 5.8
Outdoor	1.5	1.7	-14.0

Source: Leading National Advertisers,
Radio Advertising Bureau

Advertising expenditures for shampoos & rinses totaled \$205.4 million in 1984, the largest expenditure of the various cosmetics & toiletries categories reported by Product Marketing. The leading advertisers for this product group are Procter & Gamble by a wide margin, followed by Helene Curtis, J & J, Revlon and Lever.

The next largest category is the advertising of hair treatments, with expenditures of \$152.7 million in 1984. Clairol had more than double the expenditures of the next largest advertiser, L'Oreal Mousse, followed by Vidal Sassoon, Preference and Alberto Culver.

More than \$130 million was spent to advertise creams & lotions in 1984, a 5.4% decrease from the year before. Much of this decline came as a result of major network TV cancellations by Gillette's Aapri, Whitehall Laboratories' Youthgarde, Coppertone, and Noxell's Raintree. The leading advertisers in this product group for all media are Oil of Olay (Richardson-Vicks), Vaseline Intensive Care (Chesebrough-Ponds), Night Repair (Estee Lauder), Sea Breeze (Bistol Myers), and Lancome (Cosmair).

ADVERTISING EXPENDITURES

The leading advertisers for other cosmetics & toiletries product categories monitored by Leading National Advertisers are as follows:

Toilet soaps: Procter & Gamble, Unilever, Armour, Colgate, Gillette

Fragrances: Vanderbilt, Chanel, Avon, White Linen, Jontue

Lip & eye makeup: Maybelline, Cover Girl, L'Oreal, Revlon, Max Factor

Facial makeup: Cover Girl, Revlon, Maybelline, Estee Lauder, Max Factor

Manicure products: Cover Girl, Revlon, L'Oreal, Cutex, Sally Hansen

Bath products: Calgon, Avveno, J & J Baby Powder, Shower to Shower, Jean Nate.

AT THE RETAIL LEVEL

THE POTENTIAL MARKET

The predominant characteristic in the nation's changing population mix is the aging of the baby boomers. In 1981, the total population age 18 to 24 years was at an all-time high of 30.4 million. This segment has been declining ever since and will drop to an estimated total of only 24.1 million by 1994. By 1990, there will be 18% fewer teenagers than in 1980. The population age 18 to 24 will not start to increase again until 1997, when the baby-boomers' children mature.

This trend is already having an impact on the cosmetics industry. A 1984 survey by Simmons Market Research Bureau showed that 18 to 24 years olds were more likely than any other age group to use perfume, nail polish, shampoo and creme rinses. They are traditionally the heaviest and most experimental makeup users.

The cosmetics industry is adapting to the changing demographics by marketing a greater variety of products designed to lessen the aging process. There has been a proliferation lately of skin treatment products such as Oil of Olay, developed in response to the growing concern for skin tone in an age-conscious population. Consumers are turning more toward moisturizing bath products and makeups, improved sun protectants, and therapeutic brands hyping a scientific anti-aging process such as Estee Lauder's Prescriptives and L'Oreal's Biotherm.

Products specifically developed to attract the over-50 age group are targeted for an increasingly affluent segment of the population. According to the Department of Commerce (1986 U.S. Industrial Outlook), this group accounts for 40% of total consumer demand in the U.S. and has half the nation's discretionary income.

THE POTENTIAL MARKET

Size of the Consumer Market

Population Projections - 1984, 1994, 2005 (Middle Series*)

	Number (Thousands)			% Change	Percent Distribution		
	1984	1994	2005	2005/1984	1984	1994	2005
MALE							
Total, all ages	115,073	125,464	134,297	+16.7%	100.0	100.0	100.0
Under 5 years	9,329	9,635	8,931	- 4.3	8.1	7.7	6.6
5 to 9 years	8,296	9,866	9,094	+ 9.6	7.2	7.9	6.8
10 to 15 years	10,708	11,245	11,698	+ 9.2	9.3	9.0	8.7
16 years & over	86,742	94,718	104,574	+20.5	75.4	75.4	77.9
16 - 19	7,653	6,712	8,058	+ 5.3	6.6	5.3	6.0
20 - 34	31,522	29,725	27,416	-13.0	27.4	23.7	20.4
35 - 54	25,975	35,187	40,769	+56.9	22.6	28.0	30.4
55 - 64	10,375	9,793	14,060	+35.5	9.0	7.8	10.5
65 & over	11,217	13,300	14,271	+27.2	9.7	10.6	10.6
Median age (years)	29.9	33.0	36.0	+20.4	--	--	--
FEMALE							
Total, all ages	121,343	132,251	141,381	+16.5%	100.0	100.0	100.0
Under 5 years	8,904	9,188	8,518	- 4.3	7.3	6.9	6.0
5 to 9 years	7,924	9,415	8,678	+ 9.5	6.5	7.1	6.1
10 to 15 years	10,236	10,745	11,167	+ 9.1	8.4	8.1	7.0
16 years & over	94,279	102,903	113,018	+19.9	77.7	77.9	80.0
16 - 19	7,357	6,426	7,707	+ 4.8	6.1	4.9	5.5
20 - 34	31,205	29,068	26,706	-14.4	25.7	22.0	18.9
35 - 54	27,115	36,202	41,249	+52.1	22.3	27.4	29.2
55 - 64	11,834	11,002	15,399	+30.1	9.8	8.3	10.9
65 & over	16,768	20,205	21,957	+30.9	13.8	15.3	15.5
Median age (years)	32.4	35.6	39.2	+21.0	--	--	--
TOTAL, MALE & FEMALE							
Total, all ages	236,416	257,714	275,677	+16.6%	100.0	100.0	100.0
Under 5 years	18,232	18,823	17,449	- 4.3	7.7	7.3	6.3
5 to 9 years	16,219	19,281	17,772	+ 9.6	6.9	7.5	6.5
10 to 15 years	10,944	21,991	22,865	+ 9.2	8.9	8.5	8.3
16 years & over	181,021	197,619	217,591	+20.2	76.5	76.7	78.9
16 - 19	15,009	13,138	15,765	+ 5.0	6.3	5.1	5.7
20 - 34	62,726	58,792	54,122	-13.7	26.5	22.8	19.6
35 - 54	53,090	71,389	82,018	+54.5	22.4	27.7	29.7
55 - 64	22,210	20,793	29,459	+32.6	9.4	8.1	10.7
65 & over	27,986	33,507	36,227	+29.4	11.8	13.0	13.1
Median age (years)	31.1	34.3	37.6	+20.9	--	--	--

* Middle of a series of three different projections, each based on alternative assumptions for future fertility, mortality, and net immigration levels. Includes Armed Forces overseas.

Source: U.S. Bureau of the Census,
Current Population Reports,
Series P-25, No. 952 (May 1984)

CONSUMER EXPENDITURES

The nation's consumers spent an estimated total of \$23.3 billion for toilet articles and preparations of all types in 1985. This was nearly 6% above the total of \$22.0 billion reported by the Bureau of Economic Analysis for the year 1984. The 1984 total was 7.8% higher than in 1983, as revised by the Bureau.

On a constant dollar basis, eliminating the effects of inflation, spending in 1985 gained 2.5% over 1984. Included in the personal consumption figures compiled by the Bureau are cosmetics, fragrances and toilet preparations, as well as hair dryers and other personal care items. The figures include shampoos, hair sprays, etc. that are purchased over-the-counter by consumers in beauty salons and barbershops, but not those products that are used by the stylists to treat their customers.

Personal Consumption Expenditures For Toilet Articles & Preparations, 1980-1985 (Billions of dollars)

	<u>1985</u>	<u>1984</u>	<u>1983(r)</u>	<u>1982(r)</u>	<u>1981(r)</u>	<u>1980(r)</u>	<u>% Change 1985/84</u>
Total, current \$	\$23.3	\$22.0	\$20.4	\$18.8	\$17.9	\$16.4	+ 5.9%
Total, constant (1982) \$	20.6	20.1	19.2	18.8	19.4	19.6	+ 2.5

(r) revised

Source: U.S. Department of Commerce,
Bureau of Economic Analysis

Spending By Product Type

Definitive figures on retail sales of toiletries, cosmetics, and fragrances are difficult to arrive at, due to the lack of a uniform definition of products to be included in this classification, as well as the great variety of retail outlets selling these products.

Product Marketing magazine, a trade publication, estimated the size of the market at \$15.8 billion in 1984, an increase of 7.2% over their 1983 estimate of \$14.8 billion. Their definition of the market, in terms of products, is narrower than that used by the U.S. Bureau of Economic Analysis. Chain Store Age places retail sales of health and beauty aids at \$18.1 billion in 1984, an 11% gain from their 1983 figure. According to Business Week, sales rose 8% in 1984 to \$19.5 billion. Advertising Age places 1985 sales at \$20 billion, an increase of 5% from 1984.

Drawing on various market studies, and taking into account information from the great variety of retail outlets involved--department stores, mass merchandisers, supermarkets, house-to-house, etc. -- Product Marketing has compiled estimates on sales of specific product categories, which are intended to show changes and trends, rather than to precisely define exact dollar amounts. These figures are covered in the following tables.

CONSUMER EXPENDITURES

Spending By Product Type

Cosmetics, Fragrances, Toiletries Estimated Volume At Retail, 1980-1984 (Millions of dollars)

	<u>1984</u>	<u>1983</u>	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>% Change 1984/83</u>
Cosmetics, fragrances, toiletries, total	\$15,880.5	\$14,820.5	\$13,798.3	\$12,872.1	\$11,440.1	+ 7.2%
Cosmetics	4,298.0	3,845.8	3,584.2	3,454.9	3,012.5	+11.8
Fragrances, women's	2,709.8	2,469.2	2,187.8	2,123.7	1,974.2	+ 9.5
Hair products, women's	2,967.9	2,804.7	2,679.5	2,321.6	2,070.3	+ 5.8
Men's toiletries	1,071.5	1,022.1	918.0	879.7	850.8	+ 4.8
Skin preparations	2,628.4	2,632.5	2,498.1	2,352.0	1,965.0	- 0.2
Personal cleanliness (bath soaps, external deodorants)	2,204.9	2,046.2	1,930.5	1,740.3	1,556.8	+ 7.8

Source: Product Marketing: 38th Annual Consumer Expenditure Study
(July 1985 issue)

Estimated Consumer Expenditures for Specified Product Classifications 1983, 1984 (Millions of dollars)

	<u>1984</u>	<u>1983</u>	<u>% Change 1984/83</u>
Total, all products	\$15,880.5	\$14,820.5	+ 7.2%
Cosmetics, total	4,298.0	3,845.8	+ 11.8
Make-up preparations	1,362.4	1,174.7	+ 20.0
Lipsticks	675.6	581.9	+ 16.1
Lip gloss	149.9	142.9	+ 4.9
Eye makeup	1,163.8	1,060.8	+ 9.7
Nail products	704.2	652.8	+ 10.9
Other, including accessories	242.3	232.7	+ 4.1
Fragrances, women's, total	2,709.8	2,469.2	+ 9.5
Perfume	207.3	212.0	- 2.2
Toilet water, cologne	1,878.9	1,674.5	+ 12.2
Gift sets	297.7	263.0	+ 13.2
Scented bath products	239.4	235.9	+ 1.4
Bubble bath	86.5	83.7	+ 2.6
Hair products, women's	2,967.9	2,804.7	+ 5.8
Shampoos	1,128.7	1,084.2	+ 4.1
Conditioners	397.4	383.2	- 1.2
Dressings (including mousse products)	112.1	43.0	+160.6
Color preparations	582.4	569.5	+ 2.3
Home permanents	120.4	116.5	+ 3.4
Straighteners	55.9	62.6	- 10.7
Wave sets	27.1	25.7	+ 5.5
Fixatives	493.9	462.9	+ 6.5
Ethnic wave products	67.9	57.1	+ 19.1

(continued)

CONSUMER EXPENDITURES

Spending By Product Type

Estimated Consumer Expenditures for Specified Product Classifications 1983, 1984

(Millions of dollars)
(continued)

	<u>1984</u>	<u>1983</u>	<u>% Change</u> <u>1984/83</u>
Men's toiletries, total	\$1,071.5	\$1,022.1	+ 4.8%
Colognes	262.6	255.7	+ 2.3
Talcum powder	7.1	7.2	- 4.3
Gift sets	118.1	107.2	+ 10.2
Hair products (sprays, gels)	139.8	136.8	+ 2.0
Hair coloring	27.4	28.3	- 3.1
Shave cream	197.3	186.0	+ 6.1
After-shave products	276.8	262.2	+ 3.6
Skin treatment products	14.9	12.7	+ 17.4
Pre-shave products	21.8	20.6	+ 5.9
Skin preparations, total	2,628.4	2,632.5	- 0.2
Suntan, sunscreen products	254.0	239.2	+ 6.2
Acne products	163.4	160.1	+ 2.1
Face creams/cleansers	556.6	567.2	- 1.8
Face lotions/moisturizers	454.4	481.8	- 5.7
Body lotions/emollients	399.6	372.1	+ 5.8
Hand creams	69.3	73.4	- 5.7
Personal cleanliness, total	2,204.9	2,046.2	+ 7.8
Bath soaps	1,226.6	1,196.6	+ 2.5
External deodorants	978.3	849.6	+ 15.1

Source: Product Marketing, 38th Annual Consumer Expenditure Study
(July 1985 Issue)

Cosmetics

After adjusting for price increases in cosmetic products, total retail sales in cosmetics have been flat for the past few years. The double-digit gain in consumer expenditures in 1984 was due to a strong performance by prestige lines, coupled with price increases averaging between 6% and 8% for color items.

Some of the biggest names in the industry, including Max Factor and Revlon have experienced profit declines and loss of market share in recent years. Some companies have not adapted as well as others to a key demographic trend impacting on the consumption of cosmetics: the decline of the teenage market. This group is traditionally the heaviest users of makeup but their number is decreasing. In addition, house-to-house operations have slumped as the proliferation of women in the work force has left fewer women at home when sales representatives call. Both Avon and Mary Kay have seen their sales slump significantly in the 1980's.

CONSUMER EXPENDITURES

Spending By Product Type

Cosmetics (continued)

Mass market companies such as Maybelline and Noxell Corp. (Cover Girl) have held their own, with Maybelline's sales up about 13% a year for each of the last two years while Noxell has a 16% compounded growth rate. In 1984, Maybelline's ad budget was \$34 million, the largest in the company's history, since surpassed by the \$50 million it spent in 1985. The company budgets about 21% of sales on advertising, one of the highest ratios in the industry. In 1986, Noxell is expected to spend about \$50 million on advertising, with a portion targeted for the introduction of Clean Lash, a waterproof mascara that can be removed with soap and water, and Luminesse satin finish nail color. Maybelline accounts for about 20% of makeup unit sales in mass outlets, followed by Cover Girl with 18% and Revlon with 16%.

The intensely competitive nature of the cosmetics industry has encouraged diversion of prestige products from regular distribution channels to discount mass market outlets. There is also a powerful trend to growing market segmentation based on demographics: ethnic groups and the elderly are being targeted as never before. The black market is growing much faster than the white market, and it is much younger, an appealing consideration for cosmetic manufacturers. The youth-conscious over-50 population, a group with a good deal of discretionary income, are being targeted with a wide variety of skin tone and conditioning products.

Fragrances

Retail sales of men's & women's fragrance products totaled an estimated \$3.8 billion in 1985, a gain of 5.6% for the year, according to data provided by The Fragrance Foundation. Sales adjusted for inflation, however, have slowed to an average of 2% a year since 1980, after annual sales and net profit gains of 8%-10% above the inflation rate throughout the 1980's. Average net profit margins now stand at 5%-7%, the result of intense competition and heavy promotional outlays.

The fragrance industry is mature, precipitating increased expenditures on research and development by companies eager to establish their niche in the market. Whereas a decade ago, the average new perfume would have a projected market life of about eight years, heightened competition has now sliced this to three years. In 1985, there were 82 new fragrance introductions, up from 75 in 1984.

Marketers of fragrances are spending heavily on promotions to improve their market share, particularly to introduce new brands. Snap and sniff envelopes, first employed in the 1983 introduction of Giorgio, are now a standard promotional tool. In-store sampling, gift-with-purchase programs and designer/celebrity endorsements have all taken on increased importance in a time of slow industry growth.

CONSUMER EXPENDITURES

Spending By Product Type

Fragrances (continued)

Prestige fragrances, including Giorgio (Giorgio Parfums) at \$150-per-oz. and Obsession (Calvin Klein) at \$160-per-oz. are showing strong performances through exclusive distribution, but the field is getting increasingly crowded. On February 24th, Avon Products (the overall leader in market share, followed by Squibb's Charles of the Ritz division) launched a \$150-per-oz. fragrance named Deneuve (after the French actress). Such launches at the high end of the market are quite costly, led by the \$15 million that Calvin Klein Cosmetics Corp. spent to introduce Obsession.

A past and still present danger for prestige lines is their illegal diversion to mass market outlets. The switching of export shipments to unauthorized domestic outlets such as discounters and chains generally deprives fragrance manufacturers of sales in the long-run by shortening the product life cycle for these prestige brands. The availability of the fragrances at reduced prices may spur unit volume but limits dollar growth.

Another problem for the manufacturers of prestige fragrances is the proliferation of knockoffs, inexpensive imitations of the original. Fragrance industry executives estimate perfume knockoff sales in 1986 to be between \$100 million and \$125 million. They are distributed in drug chains and mass volume retail outlets and appeal to consumers that are unable to afford the designer product. Knockoffs, which were started about six years ago when prices of prestige products rose dramatically, are backed by aggressive comparison advertising stressing their low price points. In addition, knockoff producers have lower packaging costs, no designer royalties to pay, and are not faced with the high advertising/promotional costs that dealing with department store outlets entails.

Estimated Retail Sales of Fragrance Products (Perfumes, Colognes, Toilet Water) (Billions of dollars)

<u>Year</u>	<u>Total</u>	<u>Women's</u>	<u>Men's</u>
1985	\$ 3.8	\$ 2.7	\$ 1.1
1984	3.6	2.6	1.0

Source: The Fragrance Foundation

Recognizing the need to open new markets in the fragrance industry, companies are earmarking research and development expenditures toward the formulation of fragrance products that will have a soothing psychological effect. These "aroma therapy" products are being adapted for use as bath products (Avon's Tranquil Moments), body treatment products (Revlon), and to be dispensed in rooms and automobiles (Charles of the Ritz). International Flavors and Fragrances, Inc. has put \$34 million into aroma therapy research in 1985, as the industry seeks to reverse flat sales with new product concepts.

CONSUMER EXPENDITURES

Spending By Product Type

Makeup

Makeup Sales By Type of Outlet, 1980 and 1984

	<u>1984</u>	<u>1980</u>
Total retail sales (Bil. of \$)	\$ 3.6	\$ 2.5
Percent of sales by outlet:	100%	100%
Drug and department stores	66	72
Mass merchandisers and food stores	23	17
Door-to-door	11	11

Source: Business Week, September 23, 1985

RETAIL SALES BY OUTLET TYPE

The U.S. Census Bureau has recently released data on sales of health and beauty aids by type of outlet from the 1982 census of retail trade. This is a complete census of all retail establishments with payroll in the U.S. and is part of the economic census program undertaken by the Census Bureau every five years.

The Census Bureau included sales of prescription drugs in its totals for the health and beauty aids category for the first time in the 1982 census. This swelled drug and proprietary stores' share of total HBA sales. Since this Fact File does not cover prescription drugs, market shares were recalculated to account for over-the-counter products only.

Sales of Health & Beauty Aids By Major Type of Retail Outlet, 1982

	<u>Sales By Outlet Type</u>	
	<u>Millions of \$</u>	<u>Percent of Total</u>
Health & beauty aids, total	\$ 20,177 (e)	100.0%
Drug and proprietary stores	7,304	36.2
Drug stores	6,759	33.5
Proprietary stores	545	2.7
General merchandise group stores	6,235	30.9
Department stores	4,802	23.8
Food stores	5,206	25.8
Grocery stores	5,165	25.6
Apparel and accessory stores	364	1.8
Other retailers	1,069	5.3

(e) estimated

Source: Based on U.S. Bureau of the Census,
1982 Census of Retail Trade RC-82-1-3

Separate information on cosmetic sales was reported in the 1982 census of retail trade for department stores and for drug stores.

RETAIL SALES BY OUTLET TYPE

Department Store & Drug Store Sales of Cosmetics, 1982 (Dollar sales in thousands)

	<u>No. of Stores</u>		<u>Sales of Cosmetics</u>		
	<u>Total</u>	<u>Selling Cosmetics*</u>	<u>% of Total store sales of--</u>	<u>Stores Selling</u>	<u>All Stores</u>
Department stores	9,981	9,328	\$3,848,865	4.0%	3.9%
Drug stores	46,661	33,913	2,180,555	7.4	6.2

* Includes face creams, makeup, perfumes, etc.

Source: U.S. Bureau of the Census, 1982 Census of Retail Trade
Merchandise Line Sales (RC82-1-3)

Department Stores

Cosmetic counters in department stores are an integral part of their operation. The stores allocate space to the different vendors so as to maximize sales per square foot in the department, and salespeople at the counters are usually trained and paid by the vendor and work exclusively at promoting their product lines. Vendors seeking additional footage in department stores try to entice the store with promises of increased advertising expenditures and promotional campaigns. A counter that is not generating sufficient revenue for the store risks losing its space in the department.

Cosmetics, fragrances and toiletries sales in department stores registered a typical (median) gain of 13.7% in 1984, according to the National Retail Merchants Association. The typical increase in sales for all upstairs departments that year was 8.5%. Sales per square foot in the cosmetics, fragrances and toiletries departments were, at \$250.30, nearly double than reported for all upstairs departments.

Merchandising & Operating Results of Cosmetics, Fragrances & Toiletries Departments in Department Stores with Sales Over \$1 Million, 1984 (Median results)

	<u>Total Upstairs Departments (107*)</u>	<u>Cosmetics, Fragrances & Toiletries (90*)</u>
Net sales, % change from last year	+ 8.5%	+ 13.7%
Sales, % of merchandising division**	--	79.9
Sales, % of total store sales	93.9	6.3
Cumulative markon, %	49.0	39.7
Gross margin, % of sales (incl. cash discounts)	41.2	38.8
Markdowns, % of sales (incl. employee discounts)	18.8	1.3
Salespeople's salaries, % of sales	7.6	7.7
\$ Sales per sq. ft. of selling space (main or largest selling unit)	\$127.0	\$250.3
Number of stock turns (times)	2.7	2.5

(footnotes on following page)

RETAIL SALES BY OUTLET TYPE

(footnotes from previous table)

- * Number in parentheses represents the number of reporting firms in each category.
- ** Cosmetics, fragrances and toiletries department is in the personal needs and small wares merchandise division.

Source: National Retail Merchants Association,
Merchandising & Operating Results, 1984 (1985 edition)

Grocery Stores & Other Outlets

The trade publication, Supermarket Business, compiles annual estimates on the total value (at grocery store prices) of total consumption of toilet goods products and the amount sold in grocery stores. Selected major categories from this report are noted below.

Value of Total Domestic Consumption & Spending in Grocery Stores, 1984 (Dollar figures in thousands)

Toilet goods	Value (grocery store prices) of Total Domestic Consumption*	Amount Spent in Grocery Stores
Reported products, total	\$10,128,399	\$2,477,958
Cosmetics	4,249,531	529,295
Eye makeup products	2,329,554	452,630
Lipstick	1,183,309	40,730
Makeup bases	597,762	29,713
Pressed cake powders, blush	138,906	6,222
Hair products	3,720,731	1,462,900
Coloring preparations	575,387	84,193
Cream rinses	150,871	83,361
Dandruff rinses	16,078	5,754
Men's hair dressings	123,802	60,682
Shampoos	1,186,980	727,644
Other hair preparations, (incl. permanent wave kits)	808,221	313,989
Hair accessories (combs, barrettes, etc.)	859,392	187,276
Nail care products	478,202	85,308
Manicure implements	142,490	37,198
Nail polish enamel	281,510	36,562
Nail polish remover	54,202	11,547
Bath products	158,144	33,822
Bath salts, tablets, oils, etc.	97,191	26,245
Talcum, body powder	60,953	7,577
Skin care products	1,521,791	366,633
Face creams	680,208	136,568
Face lotions, astringents	113,060	12,581
Hand & body lotions	328,555	131,151
Hand creams	24,624	5,919
Lip protectors	33,863	9,525
Liquid facial cleansers	105,461	29,544
Suntan, sunscreen products	236,021	41,344

- * Consumption covers total consumption, whether through purchases at retail stores or consumed in a beauty shop, institution, etc., valued at grocery store prices. These values, therefore, may generally exceed the value of over-the-counter retail sales of toilet goods.

Source: Supermarket Business: 38th Annual Consumer Expenditures Study
(September 1985)

RETAIL SALES BY OUTLET TYPE

Grocery Stores & Other Outlets (continued)

Compilations by A.C. Nielsen Marketing Research indicates the share of total sales of specified types of toilet goods done in three outlet types: grocery stores, drug stores and mass merchandisers. In general, Nielsen reported that price increases on most items were slightly greater in grocery stores compared with the previous year than for other store types, reflecting the growing competition between drug stores and mass merchandisers.

Sales of Specified Total Goods in Grocery Stores, Drug Stores & Mass Merchandisers: Percent of Total Accounted For by Each Store Type

	<u>Grocery Stores</u>	<u>Drug Stores</u>	<u>Mass Merchandisers</u>
Shampoos	52.5%	28.5%	19.0%
Deodorants	52.1	28.7	19.2
Hair fixatives	47.7	31.8	20.5
Men's hair preparations	46.0	38.6	15.4
After-shampoo products	42.9	37.7	19.4
Hand/body lotions	36.7	47.3	16.0
Mousse	34.1	51.8	14.1
Face creams, lotions	24.8	58.4	16.8
Ethnic hair preparations	24.2	57.2	18.6
Home wave kits	19.8	54.4	25.8
Hair color	19.1	58.3	22.6
After-shave lotions, colognes	16.8	58.0	25.2
Color cosmetics (lipstick, rouge, etc.)	16.6	59.9	23.5

Source: Nielson Retail Index

RETAIL SALES BY METRO MARKETS

The Top 25 Metropolitan Markets Based on Sales of Health & Beauty Aids, 1984

<u>1984 Rank</u>	<u>Metropolitan Area</u>	<u>Sales (Mil. \$)</u>	<u>% of U.S. Total</u>
1	Los Angeles/Long Beach	\$788.9	3.8%
2	New York	745.5	3.6
3	Chicago*	636.0	3.1
4	Boston/Lawrence/Salem	584.6	2.8
5	Detroit	492.6	2.4
6	Washington, D.C.	484.3	2.3
7	Philadelphia	406.6	2.0
8	Atlanta	321.5	1.5
9	Houston	302.9	1.5
10	Nassau/Suffolk, N.Y.	285.8	1.4

(continued)

RETAIL SALES BY METRO MARKETS

The Top 25 Metropolitan Markets Based on Sales of Health & Beauty Aids, 1984 (continued)

<u>1984 Rank</u>	<u>Metropolitan Area</u>	<u>Sales (Mil. \$)</u>	<u>% of U.S. Total</u>
11	Anaheim/Santa Ana	\$ 228.4	1.1%
12	St. Louis	225.1	1.1
13	Miami/Hialeah	214.3	1.0
14	Phoenix	203.7	1.0
15	Dallas	198.9	1.0
16	Minneapolis/St. Paul	198.0	1.0
17	Cleveland	194.1	0.9
18	San Diego	182.9	0.9
19	Pittsburgh	182.1	0.9
20	Oakland	165.3	0.8
21	Newark	164.6	0.8
22	Bergen/Passaic, N.J.	156.7	0.8
23	Riverside/San Bernardino, Ca.	154.0	0.7
24	San Francisco	150.4	0.7
25	Kansas City	149.7	0.7
<u>25 Metropolitan areas, total</u>		\$ 7,816.9	37.6%
<u>U.S. total</u>		\$20,801.5	100.0%

* The high-ranking status of Chicago is due, in part, to the catalog headquarter operations of Sears, Roebuck & Co.

Note: Sales & Marketing Management's definition of health & beauty aids includes health aids, cosmetics and other hygiene needs.

Source: Based on Sales & Marketing Management,
"Survey of Buying Power", 1985
(All rights reserved.)

CONSUMER PRICES

The overall level of consumer prices for toilet goods and personal care appliances, as measured in the Consumer Price Index, gained 3.2% in 1985, slightly less than the 3.4% rise in the price index for these goods during 1984.

The category covering cosmetics, bath and nail preparations, etc., registered a 3.3% gain in price levels at retail in 1985 compared with 1984.

CONSUMER PRICES

Consumer Price Index For Toiletries & Cosmetics, 1983-1985 (1967 = 100, unless otherwise stated)

	<u>Annual Averages</u>			<u>% Change</u> <u>1985/84</u>
	<u>1985</u>	<u>1984</u>	<u>1983</u>	
All items	322.2	311.1	298.4	+ 3.6%
Personal care*	279.6	269.4	259.1	+ 3.8
Toilet goods & personal care appliances	279.0	270.3	261.4	+ 3.2
Products for the hair, hair pieces & wigs**	157.1	154.6	150.6	+ 1.6
Cosmetics, bath & nail preparations, manicure & eye makeup implements**	159.0	153.9	148.1	+ 3.3

* Includes detail and shaving products.

** December 1977 = 100

Source: U.S. Bureau of Labor Statistics.

CONSUMER BUYING HABITS

Women's Cosmetics

In 1985, Mademoiselle magazine surveyed its readers to provide comprehensive information on their usage and buying patterns in several HBA product areas. The results, based on a representative sampling of both subscribers and newsstand buyers, offer valuable insights into the marketplace.

Percent of MADEMOISELLE Readers Using Specified Cosmetics and Their Frequency of Usage

	<u>Percent</u> <u>Using*</u>	<u>Frequency of Usage**</u>			<u>Average</u> <u>Price Paid**</u>
		<u>Daily</u>	<u>Few Times</u> <u>a Week</u>	<u>Less</u> <u>Often</u>	
<u>Face Powder</u>					
Pressed powder	42%	59%	18%	23%	\$ 5.44
Loose powder	42	67	15	18	8.36
<u>Foundation, Makeup Base</u>					
Liquid	66	69	16	15	7.65
Cream	18	63	20	17	7.92
Makeup stick	18	70	15	15	2.77
<u>Blusher</u>					
Powder	89	82	12	6	6.64
Cream	17	60	19	21	6.06
<u>Eye Shadow</u>					
Powder	89	68	20	12	5.44
Crayon pencil	36	57	27	16	4.11
Wand applicator	18	60	21	19	4.32
Liquid eye shadow primer	15	59	23	18	5.98
Powder pencil	13	46	35	19	4.80

(continued)

CONSUMER BUYING HABITS

Women's Cosmetics

Percent of MADEMOISELLE Readers Using Specified Cosmetics and Their Frequency of Usage (continued)

	Percent Using*	Frequency of Usage**			Average Price Paid**
		Daily	Few Times a Week	Less Often	
<u>Eye Liner</u>					
Pencil	74%	73%	20%	7%	\$ 4.23
Liquid	15	59	21	20	3.90
<u>Mascara</u>					
Lash lengthener	53	85	11	4	4.91
Comb-on	31	77	13	10	4.25
Automatic roll-on	29	81	13	6	4.70
<u>Eyebrow Makeup</u>					
Wood pencil	18	57	17	26	2.91

Base: * Total respondents

** Users of each product category

MADemoiselle Readers' Place of Purchase of Cosmetics (Base = Users of each product)

	<u>Drug Store</u>	<u>Dept. Store</u>	<u>Home Agent</u>	<u>Discount House</u>	<u>5 & 10 Variety</u>	<u>Super- Market</u>	<u>Makeup Salon</u>
Foundation makeup	30%	49%	13%	9%	3%	7%	10%
Lipstick/lipgloss	45	47	13	11	4	9	5
Face powder	35	47	9	10	3	8	8
Blusher	35	50	13	9	3	8	9
Eye makeup	46	47	13	13	4	11	9

Note: Columns add to more than 100% due to multiple responses.

Source: Mademoiselle magazine
Beauty/Health Survey 1985

CONSUMER BUYING HABITS

Women's Cosmetics (continued)

A September 1984 Glamour magazine survey on the beauty market consisted of 2,500 presently employed readers selected from a panel of subscribers and newstand purchasers.

Usage of Cosmetic Products By GLAMOUR Readers

	Percent Using*	When Used**			
		Weekdays In the Office	Weekdays At Home	Weekends	Evenings/ Special Occasions
Blusher	96%	88%	61%	79%	95%
Foundation	74	80	49	65	93
Face powder	60	80	47	65	93
Lipstick	84	80	37	65	95
Lip gloss	60	70	50	67	87
Eye shadow	92	81	48	72	95
Eye liner	69	79	49	70	94
Mascara	94	87	65	83	95

Base: * Total respondents

** Users of each product

Age When GLAMOUR Readers First Bought Cosmetic Products

	Median age
Lipstick	16.0
Blusher	16.0
Eye cream	18.9
Mascara	15.7
Foundation	17.1

Most Valuable Sources of Information About New Beauty Products For GLAMOUR Readers

Magazines	91%
Friends	30
Beauty samplers	30
Store promotions	23
Cosmetics salespeople	17
Salons	9
Business associates	5
Newspapers	4

Note: Column adds to more than 100% due to multiple responses.

Source: Glamour magazine
Beauty & Grooming Products Survey 1984

CONSUMER BUYING HABITS

Women's Fragrances

A telephone interview study conducted by R.H. Bruskin Associates in early 1986 shows that 88% of all women use perfume or cologne at least once during an average month. The average for all women who use it is 20 days per month. Of these users, 54% respond that they most frequently purchase it themselves and 46% indicate they most frequently receive it as a gift. When they do receive it as a gift, 54% report that it was given to them by another woman, while 33% say that the gift was most often given to them by a man. The remaining 13% responded that it was about equal.

When asked if they wear a fragrance, 97% of the Mademoiselle readers taking part in its 1985 Beauty/Health Survey answered that they did. Of those answering affirmatively, 69% responded that they wear perfume, 81% wear cologne, and 11% wear toilet water (the total exceeds 100% due to multiple responses). The large majority of the readers (77%) use a fragrance daily.

MADemoisELLE Readers' Place of Purchase of Fragrances (Base = Users of each product category)

<u>Place of Purchase</u>	<u>Perfume</u>	<u>Cologne/Toilet Water</u>
Department store	71%	66%
Drug store	27	28
Home agent	6	7
Discount house	6	9
All other	7	7

Note: Columns add to more than 100% due to multiple responses.

Price Paid for Fragrances by MADemoisELLE Readers (Base = users of each product category)

<u>Perfume</u>		<u>Cologne/Toilet Water</u>	
<u>Price Paid</u>	<u>Percent</u>	<u>Price Paid</u>	<u>Percent</u>
Under \$10.00	16%	Under \$5.00	6%
\$10.00 - \$15.00	10	\$5.00 - \$10.00	22
15.00 - 20.00	15	10.00 - 15.00	16
20.00 - 30.00	22	15.00 - 20.00	22
30.00 - 40.00	12	20.00 - 30.00	22
40.00 - 50.00	11	30.00 & over	12
50.00 & over	14		

Median price paid: \$23.61
Mean price paid: \$29.16

Median price paid: \$16.49
Mean price paid: \$18.16

Source: Mademoiselle magazine
Beauty/Health Survey 1985

CONSUMER BUYING HABITS

Women's Fragrances (continued)

Virtually every teen girl uses a fragrance, nearly nine out of ten use perfume, and almost three-fourths of the girls use cologne/toilet water. These are among the findings of the 1985 Seventeen magazine Fragrance Study. In June 1985, 2,000 members of Seventeen's Consumer Panel, representing a cross section of the teenage market, received mail questionnaires. The panel is balanced by age and geographic region to accurately reflect the national composition of girls aged 13-19.

The study shows that 99.6% of all respondents use any fragrance, with 87.5% using perfume and 73.7% using cologne/toilet water. Nearly 62% of all girls use both perfume and cologne/toilet water. Department stores, followed by drugstores, are the most popular place of purchase for both perfume and cologne/toilet water.

Form of Fragrance Used by SEVENTEEN Readers (Base = Users of each product category)

	<u>Perfume</u>	<u>Cologne/Toilet Water</u>
Spray	82.6%	79.1%
Liquid in a bottle	67.0	65.4
Solid perfume (cream) compact	8.2	--
Skin perfume oil	7.0	--
Perfume packettes	6.5	--
Cream sachet	2.5	2.6
Stick	0.5	9.8
Cologne packettes	--	4.4

Note: Columns add to more than 100% due to multiple responses.

Importance of Selected Factors To SEVENTEEN Readers In Purchasing a Fragrance (Base = Total respondents)

	<u>Important</u>	<u>Neutral</u>	<u>Not Important</u>	<u>No Answer</u>
Long-lasting scent	78.3%	17.6%	3.0%	1.1%
Received sample	58.0	30.7	9.6	1.7
Appeal to boys	57.6	29.4	12.1	0.9
Price	43.5	41.3	13.8	1.4
Friend's recommendation	23.6	57.6	17.7	1.1
Name of fragrance	22.5	37.1	38.8	1.6
Maker of fragrance	21.3	41.2	36.3	1.2
Advertising	14.3	47.0	37.0	1.7
Salesperson's recommendation	13.7	40.5	44.4	1.4
Packaging	10.2	37.7	50.4	1.7

Source: Seventeen Magazine
Fragrance Survey 1985

CONSUMER BUYING HABITS

Women's Fragrances (continued)

A large majority of Mademoiselle and Seventeen readers buy fragrances for themselves and/or receive fragrances as gifts. The Seventeen survey reports that 69% of girls who use perfume both buy it for themselves and receive it as a gift; 66.6% of girls who use cologne/toilet water both buy it for themselves and receive it as a gift.

Both sets of readers are generous in giving fragrances as gifts. Three quarters of Mademoiselle readers give perfume, cologne or toilet water as gifts. They give an equal percentage to family and to friends. The Seventeen survey shows that 59.0% of its readers gave fragrance gifts to females in the past year.

Fragrance Gift Giving to Females by SEVENTEEN Readers

(Base = Respondents who gave each type of fragrance)

	<u>Perfume</u>	<u>Cologne/Toilet Water</u>
Girlfriend(s)	52.9%	64.6%
Mother	58.7	47.5
Sister(s)	14.3	14.6

Nearly 51% of Seventeen readers gave fragrance gifts to males in the past year.

Fragrance Gift Giving to Males by SEVENTEEN Readers

(Base = Respondents who gave each type of fragrance)

	<u>Cologne</u>	<u>After-Shave Lotion</u>
Boyfriend(s)	62.7%	36.4%
Father	31.6	65.4
Brother(s)	23.3	12.0

Source: Seventeen magazine
Fragrance Survey 1985

Women's Skin Care Products

Women begin using skin care products at an early age and, as they see their skin aging in later years, turn increasingly to these products to slow the aging process. The proliferation of skin care items that promise a more youthful look is tied to the aging of the baby boom generation and a growing age-consciousness in the population as a whole.

A survey of Glamour readers shows that the median age when they first purchased medicated face creams was 15.7 years old and 22.0 when they first purchased night cream. Glamour readers' median age when they first noticed wrinkles is 27.7 years old.

CONSUMER BUYING HABITS

Women's Skin Care Products (continued)

About three quarters have noticed a visible improvement in their skin since they have been using skin care creams or lotions. About 70% of the readers buy skin care products from different companies, while the rest buy a complete skin care regimen.

More than 80% of Mademoiselle readers use skin care products specially formulated for their skin type. Drug stores (51%) and department stores (46%) are the leading outlets where they purchase these products.

Percent of MADEMOISELLE Readers Using Specified Skin Care Products and Their Frequency of Usage

	Percent Using*	Frequency of Usage**				Average Price Paid**
		More Than Once a Day	Daily	A Few Times a Week	Less Often	
Cleansing cream	40%	24%	57%	13%	6%	\$ 6.90
Cleansing lotion	19	32	38	24	6	8.70
Cleansing bar/soap	66	56	32	8	4	3.80
Astringent	45	33	34	22	11	6.51
Freshener	21	28	38	25	9	7.79
Toner	17	27	32	28	13	7.86
Moisturizer cream	48	34	51	10	5	9.38
Moisturizer liquid	48	40	46	10	4	7.92
Eye cream	28	17	52	19	12	10.31
Deep cleansing exfoliate	28	--	--	51	49	9.36
Night repair cream/ lotion	21	--	69	16	15	13.30

Base: * Total respondents

** Users of each product

Source: Mademoiselle magazine
Beauty/Health Survey 1985

Women's Hair Care Products

Hair care products, led by the soaring success of mousee styling foams, is clearly a growth category. Manufacturers, facing an increasingly competitive field, are bringing out product lines targeted for more specific markets. The hair care needs of an aging population are being met with products such as Johnson & Johnson's Affinity. Procter & Gamble has a new line of shampoo and conditioner for permed and colored hair.

Mousse was first introduced by L'Oreal (Cosmair) and sales grew rapidly with many other major firms entering the market. The success of this product category can be seen in its acceptance by Glamour readers. More than 80% of those who use mousse like it better than setting lotions and 75% like it better than gels. Readers cite the control and volume they get from it but feel that mousse advertising should include more styling information.

CONSUMER BUYING HABITS

Women's Hair Care Products (continued)

MADemoisELLE Readers' Place of Purchase of Hair Care Products (Base = users of each product category)

	<u>Drug Store</u>	<u>Supermarket</u>	<u>Discount House</u>	<u>Hair Salon</u>	<u>Dept. Store</u>
Shampoo	32%	26%	18%	18%	12%
Creme rinse	32	29	15	18	13
Hair conditioner	31	24	17	20	12
Styling mousse	41	20	16	18	9
Hair spray	38	23	16	--	10
Hair coloring products	54	18	23	3	10
Hair setting/styling lotion	34	13	15	32	9

Note: Columns add to more than 100% due to multiple responses.

Source: Mademoiselle magazine
Beauty/Health Survey 1985

Nearly 63% of Seventeen readers shampoo their hair seven times a week or more, according to the magazine's 1985 Hair Care Survey. Over half select the brand of shampoo they use and an additional 30% select the brand with their mothers.

Type of Shampoo Used by SEVENTEEN Readers

Conditioning shampoo	55.4%
Regular/normal	49.1
Natural/organic	19.0
Non-alkaline (pH balance)	15.8
Oily hair	14.2
Protein	12.9
Color highlight	11.2
Shampoo for blow-dried hair	11.1
Dry hair	9.0
Fruit fragrance	8.0
Herbal	8.0
Anti-dandruff	7.6
Baby shampoo	6.7

Note: Column adds to more than 100% due to multiple responses.

Source: Seventeen magazine
Hair Care Survey 1985

CONSUMER BUYING HABITS

Men's Cosmetics & Fragrances

A survey of the buying habits of M magazine subscribers shows that more than 76% use a fragrance on a daily basis. They each received an average of 3.63 men's cologne products as a gift in the past year and an average of 5.41 men's aftershave products.

Buying Habits of M Magazine Subscribers, 1985

	<u>Percent Purchasing</u>	<u>Average Number Purchased</u>	<u>Average Price Paid Per Product</u>	<u>Percent of Purchases in Dept. Stores</u>
Men's Cologne	66.7%	2.86	\$ 28.00	69.3%
Men's Aftershave Lotion	32.7	2.94	18.00	62.0
Men's Treatment Products	38.1	3.58	19.00	70.0
Women's Cologne/Perfume	31.6	2.76	44.00	76.0

Source: Purchasing Habits of M Subscribers
(Fairchild Publications)
October 1985

SCHEDULE OF ADDITIONAL FACT FILES

COATS, SUITS, RAINWEAR, AND FURS (WOMEN'S, MISSES' AND JUNIORS'): Details number of manufacturers by employment size, cuttings, and value of shipments. Also covered at the industry level are price trends and imports/exports. At the retailer level, data is presented on estimates of retail volume, sales share by outlet, merchandising and operating results, and also focuses on consumer buying habits and plans.

CONSUMER MARKET DEVELOPMENTS: Provides a detailed view of consumers in the U.S., including population by age and income, number of households and living arrangements, school enrollment, educational attainment, the labor force, employment and earnings. Also covers trends in consumer prices, in personal consumption expenditures by product classification, and the outlook for consumer markets based on current economic trends.

DEPARTMENT STORE SALES (Including Selected Major Apparel Specialty Store Sales): Covers sales and the number of stores operated, listed by geographic region and state based on buying headquarter locations. Lists branch store sales where available, as well as plans to open new stores. Sales information on major general merchandise/apparel retail chains, which are listed alphabetically, and a list of department stores with sales of \$50 million or more, are included. (1985 Edition available now--1986 Edition available in November)

DRESSES & RELATED APPAREL (WOMEN'S, MISSES' AND JUNIORS'): Statistics on the dress and related women's apparel industry, including trends in the number of manufacturers and in production and shipments. Also data on retail sales by outlet type and on consumer buying habits.

FASHION ACCESSORIES (MEN'S AND WOMEN'S): Information on a wide range of fashion accessories including jewelry, watches, gloves, belts, handbags, small leather goods, luggage, neckwear, hats. Includes key information at manufacturer level, as well as sales and consumer data.

FOOTWEAR (MEN'S, WOMEN'S AND CHILDREN'S): A statistical summary of the U.S. footwear industry and footwear markets. Covers domestic production, shipments, and imports. Provides retail sales and merchandising statistics, including sales share by outlet type.

HOME TEXTILES: Information on the industry includes the latest data on number of manufacturers, production and shipments for a wide range of products, including bed linens, towels, blankets and comforters, slip covers, pillows, curtains and draperies. Trends in merchandising, departmental operations and sales by outlet type.

HOSIERY/LEGWEAR (MEN'S, WOMEN'S AND CHILDREN'S): A comprehensive report on these industries at the mill, retailer and consumer levels. Included are details on production and shipments, retail sales by type of outlet and on patterns in consumer spending.

HOUSEHOLD FURNITURE AND BEDDING: Contains U.S. industry-wide data on quantity and value of manufacturers' shipments of furniture and bedding (mattresses and dual-purpose sleep furniture). Retail information includes sales by store type, consumers' furniture style preference, etc.

INFANTS', TODDLERS', GIRLS' AND BOYS' WEAR: Manufacturer data spotlights production, value of shipments, number of manufacturers, employment in the industry by company size, price trends. At the retailer level, data focuses on sales share by type of outlet and on operating ratios in department and specialty stores.

INNER FASHIONS: NIGHTWEAR, DAYWEAR AND LOUNGEWEAR (WOMEN'S, MISSES' & JUNIORS'): Data on production and shipments, tracing market shifts in response to fashion changes, retail trends, sales by outlet type, and merchandising ratios.

MAJOR APPLIANCES AND ELECTRIC HOUSEWARES: Covers a wide range of products in the major appliance and traffic appliance classifications, including equipment, and personal care appliances. Details production and shipments, sales trends, sales by outlet type and retail merchandising results.

MEN'S FURNISHINGS AND WORK WEAR: Includes information on number of manufacturers, production and shipment figures on shirts, underwear, nightwear, neckwear, hats, etc., size of firms, imports and exports. Also provides data at the retail level, including sales and merchandising trends, operating ratios, and sales share by type of outlet.

MEN'S SPORTSWEAR, CASUAL WEAR AND JEANS: The wide variety of men's wear items included in this broad category are covered from available information on the industry at the manufacturer, retailer and consumer level. Included is information on production and shipments, market trends, retail sales by outlet type and consumer buying practices.

MEN'S TAILORED CLOTHING/SEPARATES AND RAINWEAR: Manufacturer level profiled by production value of shipments, employment, size of firms. Data is presented on retail sales, sales share by outlet type and operating ratios. Also data on consumer buying habits.

RETAILING/MERCHANDISING TRENDS: Covers the dramatic changes underway in the operations, of the large retailing organizations, such as the decentralization of operations beyond traditional geographic boundaries and diversification of operations to include store types differing from the primary business. Also covered are developments in brand name merchandising, store labels, designer labels, licensing and off-price retailing.

SALES OF MAJOR CLASSIFICATIONS OF CONSUMER GOODS BY RETAIL OUTLET TYPE Covers sales of grocery products, drugs, apparel, footwear, sporting goods, home furnishings and other product lines by major type of retail outlet. The sales are detailed, and trends analyzed on market shares held by major outlet types based on the latest complete Census of Retail Trade recently issued by the U.S. Census Bureau.

THE SPORTS/FITNESS/LEISURE MARKETS: Covers developments in the rapidly changing markets for sports and physical-fitness-related merchandise. Contains statistical data on sports equipment, apparel and footwear as well information on the number of participants in various sports. Also includes findings in a survey on specialized sporting goods retailer operations.

SPORTSWEAR, CASUAL WEAR, SEPARATES AND JEANS (WOMEN'S, MISSES' AND JUNIORS'): A statistical view of this segment of the women's wear industry is provided, including data on production and value of shipments, imports of major categories, sales by type of outlet, price points, seasonal patterns, and consumer buying habits.

A STATISTICAL ANALYSIS OF RETAILING: A detailed statistical summary of retail trade in the U.S. based on findings in the 1982 Census of Retail Trade issued this year by the U.S. Census Bureau. Trade issued in 1985 by the U.S. Census Bureau. Includes information on the number of outlets by store type, sales, market shares by type of major merchandise classification, sales concentration by size of retail organization, geographical changes, etc. Comparisons (where valid) are made with findings in the last previous census, covering operations in 1977.

THE TEXTILE/APPAREL INDUSTRIES: Industry overview, providing statistics on fibers and fabrics as well as finished goods. Includes information on industry size, concentration of sales by mill/manufacturer size, production and shipments by U.S.mills, as well as exports and imports for end-use markets. Covers capital expenditures and data on mill machinery.

TOILETRIES, COSMETICS, FRAGRANCES AND BEAUTY AIDS: A detailed view of the U.S. industry covering products for both the female and male markets. Includes latest available industry-wide statistics and projections, as well as data on leading manufacturers in various product categories. Consumer expenditures, buying habits and usage of various product types are highlighted, as well as data on sales by outlet type and advertising expenditures by major producers.

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